

corresponds to a percentage of issued stock repurchased from the public during a specific period resulting in a decrease of shares outstanding." The Examiner did the same for independent claims 21, 31, and 41. That is, the Examiner explained that a subset of the combination of features recited in these independent claims, distinguished the claimed invention from the prior art of record, with a special emphasis on particular features. The only outstanding matter in the application at that point was the actual surrender of the issued patent, U.S. Patent No. 6,035,286.

In response to the October 9, 2001, Office Action, the Applicant filed on December 10, 2001, a Response to Ex Parte Quayle Action. In this response, the Applicant presented new claims 51-80. In particular, the Applicant reviewed the pending claims 1-50 and found that some of those claims were still narrower in some respects than the Applicant was entitled to obtain in light of the prior art. Accordingly, and rather than pursuing continuations, the Applicant presented the new claims in this application.

Nearly a year later, on December 3, 2002, the Examiner issued a new Office Action (non-final), in which it was indicated that the new claims 51-80 had been entered. The Examiner reopened prosecution and rejected all of the claims newly presented in this reissue application (21-80), leaving only original claims 1-20 as reciting allowable subject matter.

In particular, the Examiner rejected claims 21-50 under 35 U.S.C. § 251 as being an improper recapture of subject matter surrendered in the application for the patent upon which this reissue application is based. According to the Examiner:

A broadening aspect is present in the reissue, which was not present in the application for patent. The record of the application for the patent shows that the broadening aspect (in the reissue) relates to subject matter that the applicant previously surrendered during

the prosecution of the application. Accordingly, the narrow scope of the claims in the patent was not an error within the meaning of 35 U.S.C. 251, and the broader scope surrendered in the application for the patent cannot be recaptured by the filing of the present reissue application.

With respect to independent claims 21, 31, and 41, the Examiner asserted that in the original presentation (in application serial no. 09/030,854 that issued as U.S. Patent No. 6,035,286), the

Applicant argued that the prior art of record did not disclose or suggest "selecting criteria for screening the selection of stock, wherein the selected criteria consists of a buyback ratio and at least one of price/sales ratio and a price/earning ratio for each stock" and "identifying the stocks from the specified selection having buyback ratios, wherein a buyback ratio corresponds to a percentage of issued stock repurchased from the public during a specific period resulting in a decrease of shares outstanding."

This argument, according to the Examiner, "constitutes an admission by applicant that the limitations were necessary to overcome the prior art." And because "***the above stated limitation of the patent claims***" have been omitted in the reissue claims, this omission provides a broadening aspect in the reissue claims as compared to the patented claims, according to the Examiner. The Examiner concluded the explanation of this rejection by stating that since "the omitted limitations were originally argued in [the '854 application] to make the application claims allowable over a rejection ... [they] relate to subject matter previously surrendered, in the [the '854 application]."

The Examiner rejected all of the claims that depend from claims 21, 31, and 41, simply on the basis that they depend from a rejected base claim. Additionally, the Examiner rejected the remaining claims 51-80 with little more than a statement that the rejection based on 35 U.S.C. § 251, applies to all of these claims as well.

Applicant respectfully traverses the rejection of claims 21-80 under 35 U.S.C. § 251. For the reasons set forth herein, the Applicant respectfully requests that this rejection be withdrawn and the claims be allowed to pass to issue.

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To begin with, the Applicant notes that the Examiner's "improper recapture" rejection is based on the Applicant's arguments made during prosecution of the '854 application and not any amendments made in that application. The undersigned representative had a brief telephone conference with the Examiner regarding this rejection, and the Examiner agreed that the rejection was based on arguments and not amendments, made during prosecution of the '854 application. Accordingly, the Applicant will limit its remarks herein to address the allegation of an improper recapture based on arguments presented in the '854 application, as there is a separate (albeit related) body of law concerning the improper recapture in reissue applications based on claim amendments made in the parent application that issued.

With respect to the limitations from patent claim 1 absent in the reissue claims, it can be said that the reissue claims are broader than patent claim 1. Applicant does not contest this. However, Applicant submits that the common subject matter of the patent and reissue claims falls squarely within positions taken during the prosecution of the '854 application. Accordingly, the rejection based on 35 U.S.C. § 251 should be withdrawn and the claims passed to issue.

Additionally, and alternatively, each of independent reissue claims 21, 31, 41, 51, 61, and 71, includes limitations not found in the original patent claims, making those claims materially narrower based on these limitations. For this additional reason, the rejection based on 35 U.S.C. § 251 should be withdrawn and the claims passed to issue.

Lastly, Applicant submits that the Examiner has overlooked the fact that the application includes dependent claims that include all material limitations of the original

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patent claims as well as additional limitations. It was, therefore, inappropriate to simply lump the dependent claims with their base claims and reject them on the same grounds. Each and every dependent claim should be treated separately. For this additional reason, the rejection of at least some of the dependent claims based on 35 U.S.C. § 251 should be withdrawn and the claims passed to issue.

**Reissue Claims Include All Material Limitations From Patent Claims  
Used In The '854 Application To Distinguish The Claims**

Under the recapture rule, claims that are broader than the original patent claims in a manner directly pertinent to the subject matter surrendered during prosecution are impermissible. *In re Clement*, 131, F.3d 1464, 1468 (Fed. Cir. 1997). Application of the recapture rule begins with a determination of whether and in what way the reissue claims are broader than the original patent claims. *See id.* A reissue claim that does not include a limitation present in the original patent claims is broader in that respect.

Once it is determined that the reissue claims are broader than the patent claims, the recapture doctrine requires consideration of whether these broader aspects relate to surrendered subject matter (*i.e.*, limitation(s) found in the patent claims and required to be in those claims to gain allowance in the face of a prior art rejection in the parent application). Making this determination requires, according to the U.S. Court of Appeals for the Federal Circuit, a review of the prosecution history for arguments and changes to the claims made in an effort to overcome a prior art rejection. *Id.* at 1469. Although a surrender can result from amendments or arguments, the Examiner has conceded that this application concerns only an alleged surrender as a result of an argument presented.

In connection with the present application, the Applicant concedes that at least some of the reissue claims (*i.e.*, claims 21-80) are broader in some respects vis-a-vis the claims of the '286 patent. Claim 1 of the '286 patent reads as follows:

1. A computer implemented method for creating a buyback investment report comprising the steps of:  
receiving a request specifying a selection of stocks from a database of stock information;  
selecting criteria for screening the selection of stock, wherein the selected criteria consists of a buyback ratio and at least one of price/sales ratio and a price/earnings ratio for each stock,  
screening the selection of stocks, the screening process including the substeps of  
identifying the stocks from the specified selection having buyback ratios, wherein a buyback ratio corresponds to a percentage of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding, and  
identifying a price/sales ratio or price/earnings ratio in the group for each such stock of a subset of the stocks having buyback ratios, wherein the subset is determined based on the buyback ratio for each stock; and  
ranking stocks within the subset based on the price/sales ratio or price/earnings ratio for each stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is ranked the highest.

Reissue claim 21 in contrast reads as follows:

21. A computer implemented method for reporting on investments, or potential investments, comprising the steps of:  
receiving a request specifying a selection of stocks from a database of stock information;  
identifying stocks from the specified selection having buyback ratios, wherein a buyback ratio corresponds to a percentage of shares of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding;  
and  
generating a report ranking a set of the identified stocks with buyback ratios based on a metric associated with performance of the corresponding company.

While reissue claim 21 is broader than patent claim 1 in some respects because it does not contain all of the limitations from patent claim 1, Applicant notes both claims share the limitation characterizing a "buyback ratio" as "correspond[ing] to a percentage of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding." Applicant further notes that reissue claim 21 includes

at least one limitation not found in patent claim 1, namely the step of “generating a report ranking a set of the identified stocks with buyback ratios based on a metric associated with performance of the corresponding company.” Reissue claim 31 is an apparatus claim that includes elements similar to those found in reissue claim 21, and reissue claim 41 is a computer program product claim that includes elements similar to those found in reissue claim 21.

Similarly, reissue claim 51 is broader than patent claim 1 in some respects because it does not contain all of the limitations from patent claim 1. However, both claims share the limitation characterizing a “buyback ratio” as “correspond[ing] to a percentage of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding.” Applicant further notes that reissue claim 51 includes at least one limitation not found in patent claim 1, namely the step of “providing an investment selection selecting at least one of the identified stocks with buyback ratios and reflecting a metric associated with performance of a company corresponding to the at least one selected stock.” Reissue claim 61 is an apparatus claim that includes elements similar to those found in reissue claim 51, and reissue claim 71 is a computer program product claim that includes elements similar to those found in reissue claim 51.

Accordingly, all of the pending reissue claims include the following limitation found in the patent claims: “wherein a buyback ratio corresponds to a percentage of shares of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding.” This is the only limitation that the

Applicant asserted during prosecution of the '854 application to distinguish the claims of that application from the prior art.

During prosecution of the '854 patent, the Office issued one Office Action on the merits, mailed April 29, 1999. The Applicant filed an Amendment in response to this Office Action on July 23, 1999. A Notice of Allowance was issued thereafter on September 13, 1999. Consequently, the July 23, 1999 Amendment is the only source of amendment and remarks upon which the Examiner can rely to support the pending rejection under 35 U.S.C. § 251.

In that Amendment, the Applicant made a number of changes to the claims to correct informalities, none of these amendments being of any particular substance. Accordingly, the Examiner has not relied on these Amendments to support the § 251 rejection. Instead the Examiner relies on the Applicant's arguments presented in the July 23, 1999 Amendment. However, the Examiner has failed to consider the Applicant's arguments in their entirety and has instead chosen to support the improper rejection on a small excerpt found in the Applicant's remarks section of the July 23, 1999 Amendment.

In particular, the Applicant asserted in the remarks section of the Amendment filed July 23, 1999, that the pending claims were not rendered obvious by the combination of Kiron et al. and the Examiner's Official Notice. With respect to this rejection the Applicant asserted as follows:

The [Examiner's] selected reference does not disclose or suggest the combination of steps recited in claim 1, for example. Systems and methods of the claimed invention allow an investor to establish a particular type of portfolio that yields the benefits associated with a specific category of stocks. This category (*i.e.*, a stock having a buyback ratio) is unique in that the company has begun to buyback stocks at a particular rate. The

Applicant has determined that if this repurchase rate is higher than in other stocks its rate of performance is likely to be greater over a given time period. To this end, claim 1, for example, recites a combination of steps including "selecting criteria for screening the selection of stock, wherein the selected criteria consists of a buyback ratio and at least one of price/sales ratio and a price/earnings ratio for each stock, " and "identifying the stocks from the specified selection having buyback ratios, wherein a buyback ratio corresponds to a percentage of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding."

The Examiner attempts to defeat the patentability of the claimed invention by relying on Kiron et al., but Kiron et al. does not disclose or suggest the combination of steps recited in claim 1, for example. Instead, this reference discloses a system that seeks to establish a price for shares in an open-ended mutual fund to enable continuous trading. [Col. 1, ll. 11-16.] These open-ended mutual funds do not have stocks with buyback ratios because, as the name implies, the shares of these funds remain outstanding and have yet to be repurchased. Kiron et al. does not disclose that their invention is intended to reap the benefits associated with buybacks, as described by the claimed invention. Instead, the newly created fund establishes a [tradable] entity that represents open ended shares. This allows fund managers to buy and sell the shares at an agreed upon price other than that required by the NAV. [See Col. 2, ll. 64 - col. 3, ll. 9.] Applicant asserts that neither the creation of this entity nor any other teaching or suggestion garnered from Kiron et al. would motivate one to create a portfolio of stocks having a buyback ratio using the combination of steps recited in claim 1.

As evident from this excerpt from the Amendment filed July 23, 1999, the Applicant asserted that the invention recited in the then pending claim 1 was distinguishable from the prior art because of the recited "buyback ratio" used in a stock selection process:

Systems and methods of the claimed invention allow an investor to establish a particular type of portfolio that yields the benefits associated with a specific category of stocks. ***This category (i.e., a stock having a buyback ratio) is unique in that the company has begun to buyback stocks at a particular rate. The Applicant has determined that if this repurchase rate is higher than in other stocks its rate of performance is likely to be greater over a given time period.***

The Applicant went on to explain that this inventive feature is exhibited in at least two steps of then-pending claim 1:

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***To this end, claim 1, for example, recites*** a combination of steps including "selecting criteria for screening the selection of stock, wherein the selected criteria consists of a buyback ratio and at least one of price/sales ratio and a price/earnings ratio for each stock, " and "identifying the stocks from the specified selection having buyback ratios, wherein a buyback ratio corresponds to a percentage of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding."

Note that the beginning of the sentence uses the phrase "to this end." In other words, the Applicant considered (and still does) the use of a buyback ratio in a stock selection process as a main aspect of his innovation in this case, and as such (or to that end) included this aspect in the claims in at least the two quoted steps.

Note also that when the Applicant referred in the July 23, 1999 Amendment to specific recitations found in claim 1, the Applicant preceded those recitations with the phrase "for example": "To this end, claim 1, for example, recites a combination of steps including ... ." This further supports the position that Applicant was relying for patentability on the recitation in the claims of the buyback ratio and simply wished to highlight for the Examiner's benefit where this asserted innovative aspect can be found in the claims themselves. This was perhaps intended to avoid a common problem for Examiners where some Applicants forget that they must argue limitation actually found in the claims when asserting that their application claims are distinguishable from prior art.

This focus on the novelty of the use of a buyback ratio in a stock selection process continues in the next paragraph of the July 23, 1999 Amendment quoted above. In that paragraph the Applicant explained that Kiron et al. discloses a system that seeks to establish a price for shares in a open-ended mutual fund to enable continuous trading but that these open-ended mutual funds do not have stocks with

buyback ratios because, as the name open-ended mutual funds implies, the shares of these funds remain outstanding and have yet to be repurchased. Accordingly, the Applicant argued that "*Kiron et al.* **does not disclose that their invention is intended to reap the benefits associated with buybacks.**" Again, the Applicant focused on the use of a buyback ratio in a stock selection process. At the end of this paragraph, the Applicant returned again to this theme: "Applicant asserts that neither the creation of this entity nor any other teaching or suggestion garnered from Kiron et al. would motivate one to create a portfolio of stocks **having a buyback ratio** using the combination of steps recited in claim 1."

The Examiner has apparently taken the position that the Applicant relied on more than simply the recitation of the buyback ratio in distinguishing the patent claims from the prior art in the July 23, 1999 Amendment. The Applicant submits that if this is in fact the Examiner's position, it is simply not one that is supportable by the facts (*i.e.*, the remarks found in the July 23, 1999 Amendment). Rather, the facts clearly indicate that in the July 23, 1999 Amendment, the Applicant relied on the recitation of the buyback ratio to distinguish the patent claims from the prior art and explained that this innovative feature can be found in the asserted claims.

As explained, all of the pending reissue claims include limitations reflecting the use of a buyback ratio in a stock selection process. Because the Applicant relied in the parent '854 application on the recitation of a buyback ratio only and this feature is recited in all of the reissue claims 21-80, Applicant submits that the rejection based on Section 251 should be withdrawn.

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## **Reissue Base Claims Include Limitations Making Them Materially Narrower In Some Respects Than The Patent Claims**

It is well-settled that the recapture rule may be avoided in circumstances where the reissue claims are materially narrower than the patent claims in some respects even though broader in other respects. *Mentor Corp. v. Coloplast, Inc.*, 998 F.2d 992, 996 (Fed. Cir. 1993). As explained, reissue claim 21 includes at least one limitation not found in patent claim 1, namely the step of "generating a report ranking a set of the identified stocks with buyback ratios based on a metric associated with performance of the corresponding company." Reissue claim 31 is an apparatus claim that includes elements similar to those found in reissue claim 21, and reissue claim 41 is a computer program product claim that includes elements similar to those found in reissue claim 21.

Similarly, reissue claim 51 includes at least one limitation not found in patent claim 1, namely, the step of "providing an investment selection selecting at least one of the identified stocks with buyback ratios and reflecting a metric associated with performance of a company corresponding to the at least one selected stock." Reissue claim 61 is an apparatus claim that includes elements similar to those found in reissue claim 51, and reissue claim 71 is a computer program product claim that includes elements similar to those found in reissue claim 51.

Accordingly, all of the pending reissue claims share a limitation found in the original patent claims (namely, the characterization of the buyback ratio), and they also include additional limitations not found in the original patent claims. Applicant submits that the Examiner failed to consider the existence of these further limitations in rejecting the reissue claims. In fact, the Examiner completely ignored these limitations and the relevance that they play in connection with a rejection based on Section 251. Even

though the base reissue claims may be broader than the patent claims in some respects, the rejection under Section 251 should be withdrawn and the reissue claims allowed to pass to issue because the base reissue claims include additional limitation that make those claims materially narrower than the patent claims in some respects.

**Reissue Dependent Claims Include Limitations That The Examiner Found Lacking In the Reissue Base Claims And More, Making At Least Some Dependent Claims Materially Narrower In Some Respect Than The Patent Claims**

Moreover, at least some of the dependent reissue claims include additional limitations that make those claims materially narrower than the patent claims in some respects. Applicant notes that reissue claim 22 (which depends from claim 21), includes further limitations common to those found in original patent claim 1.

Specifically, the reissue claim 22 reads as follows:

22. The method of claim 21, wherein the metric is selected from the group comprising a price/sales ratio and a price/earnings ratio, for each stock.

As can be seen in reference to the copy of patent claim 1 above, that claim and reissue claim 22 both require ranking stocks based on at least one of a price/sales ratio and a price/earnings ratio for each stock. Similar comparisons can be done for dependent claims 32, 42, 52, 62, and 72. The limitations of these claims essentially correspond to the elements listed in the July 23, 1999 Amendment as including the buyback ratio limitation.

Thus, the base reissue claims 21, 31, 41, 51, 61, and 71 include the buyback ratio limitation argued for allowance in the July 23, 1999 Amendment of the '854 application. And the dependent claims 22, 32, 42, 52, 62, and 72, recite the remaining features that the Examiner asserts (in the face of Applicant's strong objection) where

also argued for allowance in the July 23, 1999 Amendment. Further, dependent claims 23, 33, 43, 53, 63, and 73, include even more features and depend from claims 32, 42, 52, 62, and 72, respectively. For example, claim 53 depends on claim 52 and further calls for "a market cap value table for identifying a market cap value of each company" and requires that the step of providing an investment selection include "selecting the price/sales ratio for the companies in a top half of the market cap table; and selecting the price/earnings ratio for the companies in a bottom half of market cap table."

Because dependent claims 32, 42, 52, 62, and 72, ostensibly include the limitations that the Examiner has indicated must be in the reissue claims based on the Office's view of the arguments presented in the parent '854 application, and because dependent claims 23, 33, 43, 53, 63, and 73 depend from claims 32, 42, 52, 62, and 72, respectively, it is improper to reject the further dependent claims 23, 33, 43, 53, 63, and 73, on the same recapture theory. Applicant submits that it was simply wrong to treat all of the reissue claims in the same way as the base, independent claims and, accordingly, the dependent claims would be allowable even when considering the arguments presented in the parent '854 application in the manner asserted by the Examiner, because at least some of the dependent reissue claims include additional limitations that make them materially narrower than the independent claims of the patent in some respects.

## **Conclusion**

In view of the foregoing remarks, Applicant respectfully requests the reconsideration and reexamination of this application and the timely allowance of the pending claims.

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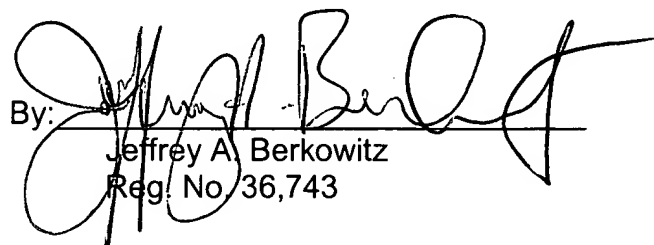
Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

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